1998 - 1999

BUSINESS PLAN

Yukon
Government Services

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INTRODUCTION

Purpose of the Business Plan

This business plan identifies the operating objectives of the Agency, the activities to be undertaken over the next year to meet its objectives and the resources required. It formalizes the management team's commitment to attaining the objectives, forms the basis for the Agency's performance measurement and serves as both a management and an internal communication tool. The plan is updated annually and, as such, illustrates that the Agency is in a state of change and ongoing improvement.

Mission

The mission of the Fleet Vehicle Agency is:

To help government departments and publicly funded agencies meet their objectives by procuring and managing efficient and affordable ground transportation services.

Mandate

The Fleet Vehicle Agency is accountable for:

a) Managing delivery of ground transportation services in a businesslike manner to ensure that the Government's financial resources are used effectively.

b) Meeting the ground transportation needs of its clients by delivering services to them in a client-oriented manner that enables them to focus on their core businesses.

c) Meeting the public policy objectives of the Government of Yukon.

Services

The Agency provides comprehensive fleet management to its clients. Vehicles are assigned on a long-term lease basis, on a day-to-day casual-use basis from a central pool, or as required to meet particular seasonal program needs.

Clients pay for the ground transportation services provided to them exclusively through the fee for service arrangements embodied in the Agency's rate structure. All costs arising from the normal operation of vehicles, including fuel, are paid directly by the Agency (wet rates).

Customized Client Service Agreements (CSA's) are used to define levels of service and rates. Separate short-term rental agreements are used for accessing pool vehicles.

Pool vehicles will continue to be available in some communities to allow for day-to-day casual usage.

Agency vehicles are equipped with a standard set of emergency equipment, which are included as part of the base fee for service cost.

As a convenience to its clients, each Agency vehicle is supplied with a fleet credit card honoured by virtually all commercial outlets in the Yukon.

1.5. Facilities and Location

The Agency headquarters is located in the Supply Services building in Whitehorse. The Agency also operates, under contract, two satellite stations based in Dawson City and Watson Lake. The Agency contracts all its maintenance through either government workshops or private sector workshops. The present locations are conducive to providing complete fleet management services to its clients.

Operating hours are from 0730 to 1700, Monday through Friday. Emergency weekend service is also available.

1.6. Critical Success Factors

In becoming a Special Operating Agency, three critical success factors were identified to guide the Agency. These are:

1. Detailed, up-to-date information. The Fleet Vehicle Agency is dependent on accurate and timely information to meet its requirements for management, client service and for billing purposes.
2. A well-maintained and diversified fleet of vehicles. To meet the diverse needs of its clients and to respond to customers in a timely manner, the FVA requires a well-maintained fleet with an appropriate mix of vehicle types.
3. Knowledgeable, committed staff. The Agency recognizes that its greatest asset is its employees and that their commitment to the Agency's objectives is critical to its success.

This Business Plan has been formulated to address these factors.

1.7. Agency Structure

The daily operations of the Agency are managed by the Chief Operating Officer reporting directly to the Agency Head, who is the Director of Supply Services. The Chief Operating Officer provides quarterly financial reports, operational status reports, Annual Business Plans and Annual Reports to the Agency Head and on to the Deputy Minister and Minister for approval.

The Fleet Vehicle Agency is unique in that it is and remains an operating unit with the Supply Services Branch of the Department of Government Services. Agency personnel remain employees of the Yukon Territorial Government and are included under existing collective

agreements. The Chief Operating Officer also functions as the Manager of the Transportation/Communications Section of the Supply Services Branch. An estimated one-half of his time is attributed to Agency activities. The Agency Head and the administrative support required for the FVA remain outside of the Agency structure.

Refer to Organization Chart (Appendix A) for more information.

BUSINESS OBJECTIVES - 1998/99

The FVA strives to meet clients' ground transportation needs by providing the type of vehicle requested, for as long as the client needs it, and at a fair and competitive price.

Acquisition:

In pursuit of its objective of matching client needs with market options at a cost-effective price which addresses both purchasing and operating costs, FVA will manage the acquisition of vehicles by:

- establishing the appropriate mix and size of rent/lease/purchase vehicles in the fleet,
- setting cost effective specifications (vehicle type, features, target operating costs, etc.) for vehicles to be acquired for the fleet,
- within the public policy objectives of the government, arranging vehicle acquisitions in such a way as to maximize the purchasing power of the government, and
- entering into acquisition arrangements which minimize the life cycle costs of fleet vehicles.

At the start of fiscal year 1997/98, the vehicle fleet was made up of 249 vehicles. There were 203 vehicles assigned to clients, and 46 in the central pool. In 1997/98 the transfer of airports and the devolution of health programs from the federal government to the Government of Yukon occurred. Forty-five vehicles were transferred to the Agency as a result.

CAPITAL ASSETS ($000'S)

CLASS	4x 4 Trucks ($000's)	#	Cargo Vans Stk Trk/Cube Van ($000's)	#	Heavy Duty Trucks ($000's)	#	Other Vehicles ($000's)	#	Other Assets ($000's)	Total Dollars ($000's)
Net Book Value, Mar 31, 1997	421	41	457	61	27	1	945	146	3	1,853
Purchases 1997/98	265	10	122	5	0	0	564	26	0	951
Transfers Due to Devolution	2	1	7	1	0	0	243	43	0	252
Sales 1997/98	(10)	(6)	(3)	(2)	0	0	(52)	(24)	0	(65)
Amortization, 1997/98	(101)		(72)		(3)		(246)		(1)	(423)
Projected Net Book Value, Mar 31, 1998	577		511		24		1,454		2	2,568
Projected Purchases 1998/99	81	3	150	3	0	0	330	14	0	561
Projected Transfers Due to Devolution	324	36	12	1	50	3	371	69	0	757
Projected Sales 1998/99	(10)	(6)	(3)	(2)	0	0	(52)	(24)	0	(65)
Projected Amortization, 1998/99	(190)		(77)		(8)		(327)		(1)	(603)
Projected Net Book Value, Mar 31, 1999	782		593		66		1,776		1	3,218

During 1998/99 the devolution of Northern Affairs is expected to add 109 vehicles to the Fleet.

Performance indicators:

- Client satisfaction on the type of vehicles in the fleet.
- Cost per kilometer over the life of the vehicle.
- Maintaining appropriate amortization schedules for vehicles in the fleet.

Allocation:

In pursuit of its objectives of meeting the diverse needs of many client departments, and making the best possible use of each vehicle in the fleet, FVA manages vehicle utilization rates by:

- allocating vehicles to allow for optimum utilization of each vehicle,
- establishing rate guarantees through long-term service agreements,
- establishing a rate structure that promotes greater utilization, and
- meeting peaks and valleys through third party vehicle rentals.

Performance indicators:

- Client satisfaction with the level of service.
- Vehicle utilization rate.

Operation:

In pursuit of its objective to minimize the operating cost profile of the vehicle fleet, FVA manages the unit cost of operations by:

- increasing the kilometers driven per vehicle each year. The per vehicle average in 1996/97 was 15,900 km/yr. The target for 1997/98 is currently projected at 16,000 km/yr. The target for 1998/99 is 16,000 km/yr or better. The long range target is to achieve 20,000 km/yr.
- monitoring safe driving practices and driver habits primarily through the use of silent witness units in fleet vehicles,
- negotiating favourable maintenance, repair, fuel, supply, insurance and cleaning services for the fleet,
- acquiring reliable, fuel efficient vehicles, and
- monitoring performance of scheduled/preventive maintenance to ensure optimum vehicle performance.

Sixteen Yukon government departments and agencies are clients of the Fleet Vehicle Agency. Together, they are projected to drive 4.5 million kilometers in fleet vehicles in 1997/98. Under the accountability framework for special operating agencies, clients are accountable for the volume of kilometers driven and vehicles used. Total usage in 1998/99 is expected to remain as is.

Gasoline purchases account for 22% of the agency's expenses. For 1997/98, the fuel consumption target was set at 16 liters per 100 km driven, but the actual figure is expected to reach 18 liters/100 km (16 MPG). As a larger number of older vehicles are retired from the fleet , fuel efficiency should improve. The agency is striving to achieve the 16 liters/100 km target during 1998/99.

Per kilometer costs to own and operate the fleet are:

	95/96 Actuals	96/97 Actuals	97/98 Forecast	98/99 Forecast
Fuel	$0.09	$0.09	$0.08	$0.08
Maintenance	$0.09	$0.06	$0.05	$0.05
Personnel & Administration	$0.08	$0.06	$0.07	$0.07
Other Operating Expenses*	$0.03	$0.04	$0.06	$0.06
Vehicle Replacement	$0.15	$0.18	$0.14	$0.16
Total Per Km Costs	$0.44	$0.43	$0.42	$0.42

* *Includes: third party rental costs (1997/98 only), insurance, vehicle registration and vehicle communications.*

The agency is accountable for the unit cost of providing ground transportation services for its clients. The target for 1998/99 is to maintain or reduce the overall cost per kilometer.

Performance indicators:

- Per day/month/year and per kilometre costs charged to clients.
- Per kilometer operating costs.
- Variances of actual costs to estimates on scheduled maintenance.
- Client trip profiles (speed and economy of operation).
- Client satisfaction.
- Vehicle utilization rate.

Disposal:

In pursuit of its objective of maintaining the service and cost standards of the vehicle fleet, FVA will manage vehicle safety, cost and utilization profiles by disposing of vehicles when:

- the condition of the vehicle does not meet safety/licensing standards,
- the operating cost profile and/or depreciation schedule indicates that it would be more cost effective to replace the vehicle,
- it is clear that the clients transportation requirements no longer warrant keeping the vehicle in the fleet.

Performance indicators:

- salvage value of vehicles, and
- life cycle operating cost profile of vehicles.

Information Systems:

The Fleet Management Information System has been enhanced to integrate all operations and financial components.

Operations:

The service strategy will be enhanced by working closely with all clients to establish a list of extra services that may be offered over and above the basic use of vehicles.

The Agency will continue monitoring and reporting usage and costs for the purpose of establishing a fair price schedule, both fixed and variable, with the intention of keeping costs to clients at a minimum.

The Agency will investigate the viability of positioning small pool fleets in other communities.

Human Resources:

The Agency will continue "client first" training programs. The Agency will continue to provide cross training to all staff to ensure the client can be served regardless of whom they contact.

The Agency will continue to train all staff in the use of all available electronic tools. Use of all available systems to their maximum potential will assist the Agency in working towards a paperless office.

1998 AND BEYOND - FUTURE DIRECTIONS AND OPPORTUNITIES

Long term goals and initiatives include:

- Continue to modernize the fleet.
- Put in place a central travel desk dispatch system to provide coordinated vehicle, air and commercial road travel services to client departments.
- Investigate alternative vehicle acquisition strategies (lease versus buy).
- Provide on-line reservations services for pool vehicles.
- Put in place a revised costing and rate structure for each vehicle based on per-vehicle fixed costs.
- Continue to strive for improvements in vehicle utilization rates and per kilometer operating costs.
- Explore ways of making it more convenient for clients to pick up and drop off pool vehicles.
- Investigate the possibilities of offering vehicles to non-government agencies funded by the Yukon government and to the departments and agencies of other levels of government operating in the Yukon.
- Explore implementing modern communications technology that will allow clients access to the vehicle information housed at the Agency.

Fleet Vehicle Agency(FVA) Business Architecture

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The operation of the Fleet Vehicle Agency are expected to generate revenue sufficient to meet its operational and maintenance requirements as well as the orderly replacement of assets. Appendix B provides financial projections for the 2009/10 fiscal year.

Revolving Fund

The Fleet Vehicle Agency operates through a revolving fund governed by Section 66(1) of the Financial Administration Act. An appropriation of $100,000 was approved in 2006/07 to fund the depreciation which accrued against the current fleet prior to the start of the in-service delivery on April 1, 1996. The fund has an annual limit of $1.2 Million on capital expenditure. With approval received in the use of the fund due to the divestiture of federal programs, there will be a review of this limit with, if necessary, approval will be sought to increase it to meet the needs of a larger fleet.

All vehicles are capitalized into the revolving fund. Ancillary office equipment and furniture is excluded from the revolving fund. Vehicles are replaced at an orderly, fashion based on established rates of depreciation by class and category of assets. See Appendix B for additional information on depreciation schedule.

Renewal rates are charged on all the Operating and Maintenance budget of the Department of Government Services. The Agency's revolving fund contributes an amount equal to the salary requirements to [illegible] the Department's costs.

Assumptions and Risk-ratio

The financial statements in Appendix B are based on the following assumptions:

- Vehicles will depreciate over their useful life on a straight line basis with a salvage value of 10 percent. The Agency replaces the revolving fund the salvage values of vehicles sold on of the fleet. Essentially that means an assumed a have a 6 year life span, range vans, vans, and mini-vans have 8 years, heavy duty trucks 10 years, and all other vehicle type 7 years.
- Based on industry projections, vehicle replacement allowances include a 3.5% per annum inflation factor is compounded for expected lower vehicle purchase price increases.
- For 2009/10, there will be no change recommended by the Agency for office accommodations from the Property Management Agency (PMA). The PWA recognizes this may change in future years.
- Vehicle revenue and operating expenses will increase slightly in 2009/10 as we increase the numbers and usage of vehicles the funds be assigned fleet and the good fleet due to depreciation.
- Vehicle acquisitions will coincide with the start of the new model year (October) in order to maximize the resale value of the assets.

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[illegible] [illegible] [illegible] [

ORGANIZATION CHART

APPENDIX A

FLEET VEHICLE AGENCY
STATEMENT OF INCOME ($000'S)

	Actuals 96/97	Forecast 97/98	Estimate 98/99
Revenues			
Vehicle rentals and leases	1,650	1,800	1,900
Gain on disposal of capital assets	31	30	35
Subtotal	1,681	1,830	1,935
Expenses:			
Vehicle service and repairs	256	253	255
Registrations/Communications	13	15	20
Fuel	347	370	385
Vehicle rentals	132	160	70
Contract Services	31	31	30
Salaries	190	215	230
Amortization	411	423	603
Subtotal	1,380	1,487	1,593
Net Income	301	343	342

Note: Similar results are anticipated during fiscal years 1999/00 and 2000/01

BALANCE SHEET ($000'S)

	Actuals 96/97	Forecast 97/98	Estimate 98/99
Assets			
Current			
Accounts Receivable	35	-	-
Capital Assets	1,853	2,568	3,218
	1,888	**2,568**	**3,218**
Liabilities & Accumulated Surplus			
Current			
Accounts payable and accrued liabilities	59	-	-
Due to Government of the Yukon	828	1,224	1,432
	887	1,224	1,432
Accumulated surplus	1,001	1,344	1,786
	1,888	**2,568**	**3,218**

SAMPLE DEPARTMENTAL SERVICE LEVEL AGREEMENT **APPENDIX C**

GENERAL TERMS & CONDITIONS

OUR COMMITMENTS TO YOU, OUR CLIENTS:

We will:

- diligently carry out our roles and responsibilities as described in the Business Plan and this agreement to meet your ground transportation needs.
- provide services to you following standards, directions, guidelines and procedures of the Yukon Government.
- supply vehicles to our clients at fair rates.
- be responsible for minimizing unit costs for operation where possible.
- include all associated O & M costs including fuel in our rates.
- provide **"Show Back"** reports which will detail departmental usage and costs.
- will make best efforts to provide information to meet clients needs from time to time.
- will provide all accident related repairs to fleet vehicles.

YOUR OBLIGATIONS AND COMMITMENTS TO US:

You agree that during the term of this agreement you will:

- be responsible for forecasting & budgeting for ground transportation requirements,
- submit monthly usage logs for assigned vehicles as supplied by the agency,
- acknowledge that the vehicle is the property of the Fleet Vehicle Agency and was received in good condition except as noted. Renter will return vehicle to Fleet Vehicle Agency, together will all tools, accessories and equipment, in the same condition as received, ordinary wear and tear excepted. Vehicles should be returned on the date and time specified unless prior arrangements have been made to delay or advance the return of the vehicle,
- operate the vehicle in compliance with all established policies and procedures,
- be liable for all traffic and parking violations,
- agree to care for all tools, accessories and equipment and will be charged the cost of replacement of any such items not turned back with the vehicle.
- agree to report all accidents/incidents through the normal government procedures,
- acknowledge that the vehicle may be equipped with a "Trip Monitoring Device",
- agree not to carry, in the rented vehicle, explosives, firearms, flammable materials, liquor or pets without special written approval of the Fleet Vehicle Agency. (Renewable Resources excepted, refer to RRD #22/94),

- not sub-lease, rent or lend the rented vehicle to parties outside the renting department,
- accept responsibility for the care of the vehicle while in your possession,
- be utilizing the services of the Pool Fleet from time to time and agree to all terms and conditions,
- be responsible to turn in your vehicles for regular scheduled servicing, (Schedules will be given out at the time of vehicle pick up)
- pay the yearly rate for assigned vehicles at the beginning of each fiscal year and pay the kilometer rates for all assigned vehicles plus pool vehicle usage at the end of each month based on the following rate structure schedule.

PROPOSED 1998/99 FLEET VEHICLE AGENCY RATE STRUCTURE

	Assigned Vehicles - Existing		Assigned Vehicles - New		Pool Vehicles			
Vehicle Type	Yearly	Per Km	Yearly	Per Km	Monthly	Weekly	Daily	Per Km
4X4 Truck	$4,602	0.20	$5,605	0.20	$494	$202	$40	$0.20
Bronco 2X4	$3,366	0.14	N/A	N/A	N/A	N/A	N/A	N/A
Bronco 4X4	$4,794	0.16	N/A	N/A	$509	$209	$44	$0.16
Car	$3,786	0.11	$4,322	0.11	$428	$174	$36	$0.11
Cargo Van	$3,306	0.23	$3,764	0.23	$391	$159	$33	$0.23
Cube Van	$2,982	0.25	N/A	N/A	N/A	N/A	N/A	N/A
Heavy Duty	$5,214	0.36	N/A	N/A	N/A	N/A	N/A	N/A
Passenger Van	$4,470	0.23	N/A	N/A	$483	$198	$42	$0.23
Pick Up	$3,522	0.16	$4,523	0.16	$407	$166	$36	$0.16
Stake Truck	$3,630	0.26	N/A	N/A	$416	$169	$36	$0.26
Suburban	$4,274	0.14	N/A	N/A	$548	$225	$47	$0.14
Suburban 4X4	$5,058	0.23	$6,577	0.23	$530	$217	$49	$0.23

***Fleet Vehicle Agency shall not be responsible for loss or damage to any property left or stored in the vehicle**

The Fleet Vehicle Agency reserves the right to re-allocate assigned vehicles as necessary in order to achieve maximum utilization. Vehicles that are re-assigned will be replaced with similar type vehicles. Specialty type vehicles are excluded unless mutually agreed upon by both parties.

FLEET COMPLEMENT

The fleet is made up of a variety of vehicles, the most common being cars, cargo vans, and 4X4 trucks. Based on historical use and demand, some types are in limited supply.

- 4X4 trucks
- Bronco 2X4
- Bronco 4X4
- Cars
- Cargo vans
- Cube van
- Heavy duty
- Passenger vans
- Pick-up trucks
- Stake truck
- Suburban 2X4
- Suburban 4x4

LIABILITY INSURANCE

For Indemnification for employees operating government vehicles, please refer to Human Resources Policy 3.10 "Indemnification".

VEHICLE REPLACEMENT

Vehicles will be normally replaced when the general condition combined with mechanical condition and amortization schedule suggests that the vehicle is no longer cost effective.

AMORTIZATION SCHEDULE

• 4x4 trucks	6 years
• Cargo vans	10 years
• Cube vans	10 years
• Heavy duty	15 years
• Stake trucks	10 years
• Pickup trucks 4x2	7 years
• Suburbans	7 years
• Bronco 2x4	7 years
• Bronco 4x4	7 years
• Cars	7 years
• Passenger van	7 years
• Suburban 4x4	7 years

AGENCY MANAGEMENT AGREEMENT

CLIENT:

SCOPE OF SERVICE:

The Department of Government Services, Fleet Vehicle Agency and you, our client, agree that the vehicles marked below will be provided as required.

ASSIGNED VEHICLES:

Vehicle type	Number of units	Yearly rate	Total fixed cost
4x4 Trucks			
2X4 Bronco			
4X4 Bronco			
Cars			
Cargo vans			
Cube vans			
Heavy duty trucks			
Passenger vans			
Pick up trucks			
Stake trucks			
2X4 Suburbans			
4X4 Suburbans			

See "Appendix A" for detailed listing of assigned units

DURATION:

This agreement shall remain in effect for a term from April 01, 1998 to March 31, 1999

Acknowledgment:

The parties acknowledge:

a) that _____(client) will be assigned vehicles as stated and/or will be utilizing the pool fleet,

b) that all terms and conditions have been agreed to by both parties,

c) that all requests for vehicles will be done through the use of a duly signed Request for Transportation,

d) that vehicles requested will be picked up at the Fleet Vehicle Agency headquarters at 9029 Quartz Road, Bldg 277 in Whitehorse or satellite stations in Dawson City or Watson Lake.

Approved for Client by:	**Approved for Government Services by:**
_____	_____
Deputy Minister	Agency Head
_____	_____
Date	Date